



**DEPARTMENT OF THE ARMY**  
U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

CERM-P (37)

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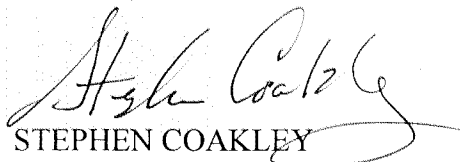
**MEMORANDUM FOR MAJOR SUBORDINATE COMMANDS**

**SUBJECT:** Supervision and Administration (S&A) Policy For Modularity Projects

1. Reference: White Paper, CERM-P, 30 November 2004, subject: S&A Rates For Modularity Projects (enclosure).
2. The use of Army and Air Force Operation and Maintenance (O&M) appropriations to fund the purchase and installation of modular units would cause these projects to be charged the O&M S&A flat rate under existing policy. Since this type of work would normally be funded with MILCON appropriations it is appropriate that the customer be charged the lower MILCON S&A rate in accordance with reference. Traditional O&M type construction work will continue to be charged the O&M S&A flat rate. This policy is effective immediately.
3. The O&M portion of the project that is being charged the MILCON rate should be loaded into CEFMS as O&M work with a negotiated rate equal to the current MILCON rate.
4. Point of contact is Mr. Philip Blount, CERM-P, at (202) 761-8908.

**FOR THE COMMANDER:**

Encl

  
STEPHEN COAKLEY  
Director of Resource Management

CF:  
CEMP-I  
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### S&A Rates For Modularity Projects

The modularity projects for FY05 have used OMA funds where typically MILCON funds would be used. Since the work is MILCON by nature the use of the O&M rate is not appropriate. A mixture of MILCON (MCA) and OMA funds are funding the projects. A general breakdown of the work and the type of funding supporting each is as follows:

Renovations	OMA
Relocatables	OMA
Site Work	MCA (majority), OMA (within statutory limitations)
Furniture	OMA
Relocation of Soldiers	OMA

The following S&A rates will be used.

1. The standard OMA S&A rate of 6.5% will be applied to the renovations.
2. Although the relocatables are OMA funded, the level of S&A effort associated thereto is anticipated to be less; therefore the MILCON (5.7% or 6.5%) rate will be used.
3. Since the site work is similar regardless of funding type and due to the fact that the majority of the site work is MCA funded, we propose to apply one S&A rate (MILCON rate of 5.7%) to all the site work aspects of the work. This will also simplify accounting requirements.
4. Neither the furniture nor the relocation of soldiers will involve any significant amount of S&A effort. A 1% S&A flat rate may be applied to those aspects of the work in order to ensure that the effort expended is funded and to simplify accounting. As an alternate district may use actual cost for this non-construction effort.

Where there are unique projects situations that the above rate appear inappropriate an exception to this policy may be requested from CERM-P. The following information should be provided to help HQUSACE to evaluate the appropriate S&A rate for unique modularity projects. In addition an assessment should be provide of the impact to the MSC S&A checkbook from the proposed change.

Description of the scope of S&A work for each type of work, construction management staffing and estimated cost (\$000). Please provide this information and a POC. The table below should be used for cost information.

Construction Cost (\$000)	S&A Cost (\$000)	DDC (\$000)	Type of work - fund type
			1. Renovations - OMA
			2. Relocatables - OMA
			3. Site Work - MCA (majority),
			4. Site Work - OMA (within statutory limitations)
			5. Furniture - OMA
			6. Relocation of Soldiers - OMA
Project location:			Duration:
Title:			Est. Award Date: